

Report on Countries that are Candidates for Millennium Challenge Compact Eligibility for Fiscal Year 2021 and Countries that would be Candidates but for Legal Prohibitions

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Summary

This report to Congress is provided in accordance with section 608(a) of the Millennium Challenge Act of 2003, as amended, 22 U.S.C. §§7701, 7707(a) (the Act).

The Act authorizes the provision of assistance for global development through the Millennium Challenge Corporation (MCC) for countries that enter into a Millennium Challenge Compact with the United States to support policies and programs that advance the progress of such countries to achieve lasting economic growth and poverty reduction. The Act requires MCC to take a number of steps in selecting countries with which MCC will seek to enter into a compact, including determining the countries that will be eligible countries for fiscal year (FY) 2021 based on (a) a country's demonstrated commitment to (i) just and democratic governance, (ii) economic freedom, and (iii) investments in its people, (b) the opportunity to reduce poverty and generate economic growth in the country, and (c) the availability of funds to MCC. These steps include the submission to the congressional committees specified in the Act and publication in the *Federal Register* of reports on the following:

- The countries that are “candidate countries” for FY 2021 based on their per capita income levels and their eligibility to receive assistance under U.S. law and countries that would be candidate countries but for specified legal prohibitions on assistance (section 608(a) of the Act);
- The criteria and methodology that the MCC Board of Directors (the Board) will use to measure and evaluate the relative policy performance of the “candidate countries” consistent with the requirements of subsections (a) and (b) of section 607 of the Act in order to determine “eligible countries” from among the “candidate countries” (section 608(b) of the Act); and
- The list of countries determined by the Board to be “eligible countries” for FY 2021, identification of such countries with which the Board will seek to enter into compacts, and a justification for such eligibility determination and selection for compact negotiation (section 608(d) of the Act).

This report is the first of three required reports listed above.

Candidate Countries for FY 2021

The Act requires the identification of all countries that are candidate countries for FY 2021 and the identification of all countries that would be candidate countries but for specified legal prohibitions on assistance. Under sections 606(a) and (b) of the Act, candidate countries must qualify as low income or lower middle income countries as defined in the Act.

Specifically, a country will be a candidate country in the low income category for FY 2021 if it

- has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$4,045 gross national income per capita for FY 2021);
- is among the 75 countries identified by the World Bank as having the lowest per capita income;
- and

- is not ineligible to receive United States economic assistance under part I of the Foreign Assistance Act of 1961, as amended (the Foreign Assistance Act), by reason of the application of the Foreign Assistance Act or any other provision of law.

A country will be a candidate country in the lower middle income category for FY 2021 if it

- has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$4,045 gross national income per capita for FY 2021);
- is not among the 75 countries identified by the World Bank as having the lowest per capita income; and
- is not ineligible to receive United States economic assistance under part I of the Foreign Assistance Act by reason of the application of the Foreign Assistance Act or any other provision of law.

Under section 606(c) of the Act as applied for FY 2021, a country with per capita income changes from FY 2020 to FY 2021 such that the country would be reclassified from the low income category to the lower middle income category or vice versa will retain its income status in its former category for FY 2021 and two subsequent fiscal years (FY 2022 and FY 2023). A country that has transitioned to the upper middle income category does not qualify as a candidate country.

Pursuant to section 606(d) of the Act, the Board identified the following countries as candidate countries under the Act for FY 2021. In so doing, the Board referred to the prohibitions on assistance to countries for FY 2020 under the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2020 (Div. J., P. L. 116-94) (FY 2020 SFOAA).

Candidate Countries: Low Income Category

1. Angola
2. Bangladesh
3. Benin
4. Bhutan
5. Bolivia
6. Burkina Faso
7. Cabo Verde
8. Cameroon
9. Central African Republic
10. Chad
11. Côte d'Ivoire
12. Democratic Republic of the Congo
13. Djibouti
14. Egypt
15. Eswatini
16. Ethiopia
17. Gambia, The
18. Ghana
19. Guinea
20. Guinea-Bissau

21. Haiti
22. Honduras
23. India
24. Kenya
25. Kiribati
26. Kyrgyz Republic
27. Laos
28. Liberia
29. Madagascar
30. Malawi
31. Mali
32. Mauritania
33. Micronesia, Federated States of
34. Moldova
35. Mongolia
36. Morocco
37. Mozambique
38. Nepal
39. Niger
40. Nigeria
41. Pakistan
42. Philippines
43. Republic of the Congo
44. Rwanda
45. São Tomé and Príncipe
46. Senegal
47. Sierra Leone
48. Solomon Islands
49. Somalia
50. Tajikistan
51. Tanzania
52. Timor-Leste
53. Togo
54. Uganda
55. Ukraine
56. Uzbekistan
57. Vanuatu
58. Vietnam
59. Yemen
60. Zambia

Candidate Countries: Lower Middle Income Category

1. El Salvador
2. Sri Lanka ¹
3. Tunisia

Countries that Would Be Candidate Countries but for Legal Provisions that Prohibit Assistance

Countries that would be considered candidate countries for FY 2021 but are ineligible to receive United States economic assistance under part I of the Foreign Assistance Act by reason of the application of any provision of the Foreign Assistance Act or any other provision of law are listed below. This list is based on legal prohibitions against economic assistance that apply as of July 19, 2020.

Prohibited Countries: *Low Income Category*

- **Afghanistan** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Burma** is ineligible to receive foreign assistance, including due to concerns relative to its record on human rights.
- **Burundi** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Cambodia** is ineligible to receive foreign assistance pursuant to section 7043(b)(2)(A) of the FY 2020 SFOAA, which restricts assistance to the Government of Cambodia unless the Secretary of State certifies that the Government of Cambodia is taking effective steps to strengthen regional security and stability and respect the rights and responsibilities enshrined in the Constitution of the Kingdom of Cambodia.
- **Comoros** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Eritrea** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Lesotho** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Nicaragua** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **North Korea** is ineligible to receive foreign assistance, including pursuant to section 7007 of the FY 2020 SFOAA, which prohibits direct assistance to the government of North Korea.
- **Papua New Guinea** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **South Sudan** is ineligible to receive foreign assistance, including pursuant to section 7042(h) of the FY 2020 SFOAA, which prohibits (with limited exceptions) assistance to the central government of South Sudan.
- **Sudan** is ineligible to receive foreign assistance, including pursuant to section 7042(i) of the FY 2020 SFOAA, which prohibits (with limited exceptions) assistance to the government of Sudan.
- **Syria** is ineligible to receive foreign assistance, including pursuant to section 7007 of the FY 2020 SFOAA, which prohibits direct assistance to the government of Syria.
- **Zimbabwe** is ineligible to receive foreign assistance, including pursuant to section 7042(j)(2) of the FY 2020 SFOAA, which prohibits (with limited exceptions) assistance for the central government of Zimbabwe unless the Secretary of State certifies and reports to Congress that the rule of law has been restored, including respect for ownership and title to property, and freedoms of expression, association, and assembly.

Prohibited Countries: *Lower Middle Income Category*

- **Algeria** is ineligible to receive foreign assistance due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).

Countries identified above as candidate countries, as well as countries that would be considered candidate countries but for the applicability of legal provisions that prohibit U.S. economic assistance, may be the subject of future statutory restrictions or determinations, or changed country circumstances, that affect their legal eligibility for assistance under part I of the Foreign Assistance Act by reason of application of the Foreign Assistance Act or any other provision of law for FY 2021.

Endnotes

1. Section 7044(e) of the FY 2020 SFOAA provides that, subject to exceptions for certain categories of assistance, funds appropriated by the SFOAA for assistance for the central Government of Sri Lanka may be made available only if the Secretary of State makes certain certifications regarding actions taken by the Government of Sri Lanka and reports to the Committees on Appropriations. If this certification is not issued, Sri Lanka will not be a candidate country for FY 2021.